

**OPINION
63-243**

November 22, 1963 (OPINION)

STATE INVESTMENT BOARD

RE: May Sell and Reinvest for Better Return

Your letter dated November 18, 1963 states that the Teachers Insurance and Retirement Board has considerable funds invested in tax-exempt municipal bonds. Since these invested funds are property of the state and Section 176 of the North Dakota Constitution exempts all state property from taxation, the newly created State Investment Board of which you are chairman feels that other types of investments would be more profitable. You further state that if some of these municipal bonds were sold, it would be necessary to sell them at a discount due to their being unrated and not having adequate legal opinion backing them up. You wish to know if these municipal bonds could be sold at a small loss so that they might be reinvested in more profitable items.

Section 21-10-05 of the North Dakota Century Code provides in part that securities may be sold or exchanged for other securities or investments provided such items are not sold for less than market value. The investment board has a duty to see that all funds are invested in the best interests of the state.

Thus, it is our opinion that the State Investment Board may sell municipal bonds at a small discount, if necessary, so that they may reinvest in more profitable items so long as such reinvestments are those specified as legal investments by section 21-10-07 of the North Dakota Century Code.

HELGI JOHANNESON

Attorney General